

**CITY COUNCIL OF THE CITY OF SAN DIEGO  
SUPPLEMENTAL DOCKET NUMBER 4  
FOR THE REGULAR MEETING OF  
MONDAY, AUGUST 1, 2005 AT 2:00 P.M.  
CITY ADMINISTRATION BUILDING  
COUNCIL CHAMBERS – 12<sup>TH</sup> FLOOR  
202 “C” STREET  
SAN DIEGO, CA 92101**

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**ADOPTION AGENDA, DISCUSSION, OTHER LEGISLATIVE ITEMS  
RESOLUTIONS:**

ITEM-S408: Waiver of Attorney-Client Protections with Respect to Vinson & Elkins Documents.

(See letter from Audit Committee dated 7/29/2005.)

**CITY MANAGER’S RECOMMENDATION:**

Adopt the following resolution:

(R-2006- )

Waiving Attorney-Client Privilege and the Attorney Work-Product Doctrine with respect to documents gathered and prepared by Vinson & Elkins in its investigation of the City’s financial disclosure practices;

Directing the City Attorney to prepare the applicable resolution.

**CITY MANAGER SUPPORTING INFORMATION:**

The City previously retained the law firm of Vinson & Elkins (V&E) to prepare an internal report on the City's securities disclosure practices and to provide representation of the City before the federal Securities and Exchange Commission (SEC) with respect to their investigation of the City. The City Council previously waived the Attorney-Client and Attorney Work-Product privileges with respect to interview summaries prepared by Vinson & Elkins in the first phase of its investigation. Subsequent to the issuance of the V&E Report in September 2004, it was determined that additional investigation beyond the scope of the initial investigation was necessary to meet the City's and KPMG's obligations to address allegations of wrong doing in the preparation of the City's financial statements.

ADOPTION AGENDA, DISCUSSION, OTHER LEGISLATIVE ITEMS (Continued)  
RESOLUTIONS: (Continued)

ITEM-S408: (Continued)

**CITY MANAGER SUPPORTING INFORMATION:** (Continued)

The initial and subsequent V&E investigations have resulted in the accumulation of substantial documentation gathered and prepared by V&E related to the City's financial disclosure practices. This documentation is subject to Attorney-Client Privilege and the protection of Attorney Work-Product Doctrine and cannot be released without the City Council first waiving these protections.

The City's Audit Committee proposes to schedule meetings with the SEC, US Attorney's Office and KPMG to review and discuss V&E's work product and results of its investigations. Consistent with prior waivers; in order to fully cooperate with the auditor and the investigation authorities; and in order to facilitate an open dialog and transparency with respect to sharing documentation and results, the Audit Committee requests that the City Council waive the Attorney-Client privilege and Work-Product Doctrine with respect to the contents of the documentation gathered and prepared by Vinson & Elkins. Such documentation includes V&E's procedures, further interview summaries and notes, and V&E's analysis relating to its investigation.

Ewell/Plank